



Policies and Programs for Inclusive and Equitable Recovery

A Guide for Local Leaders

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The COVID-19 pandemic and the resulting recession affected millions of Americans who faced new (and in some cases exacerbated) challenges in addition to the public health crisis, including unemployment, food and housing insecurity, and shuttered businesses. The fallout of the crisis disproportionately affected households of color, who before the pandemic already faced deep inequities in housing stability, employment outcomes, small-business ownership, and financial health because of a long history of structural racism.¹

As the country begins a tenuous new chapter and states and localities continue to allocate an unprecedented influx of funding from the federal government, local leaders will make important policy and resource allocation decisions that will affect the vitality and recovery of their economy. As they make these decisions and chart a pathway to economic recovery, they can prioritize policies that address long-standing racial and economic inequities. Equity and inclusion goals are not only compatible with economic growth goals, they can actually enhance them: cities have seen equity and inclusion efforts lead to increased economic prosperity for not just historically marginalized populations but for the economy as a whole (Acs et al 2017; Poethig et al. 2018; Stacy and Fiol 2021).

This guide highlights promising strategies for local leaders to consider in this moment of economic stabilization and recovery. Specifically, we highlight 11 recommendations in the domains of housing, financial health, small-business health, and workforce development and provide examples of how some localities are employing policies and practices to advance inclusive and equitable recovery. Local leaders can use this guide as a resource as they consider approaches to center inclusion and equity as they make decisions about their recovery.

BOX 1

Defining “Local Leaders”

In this brief, we use the term “local leaders” to refer to a range of leaders at the local level, including those in government, nonprofits, grassroots organizations, advocacy groups, neighborhood associations, philanthropy, the private sector, residents, workforce boards, and quasigovernmental organizations. The policy and programmatic recommendations in this brief are targeted to these leaders and tailored to match the levers of power available to them at the local level.

However, economic recovery does not automatically lead to racial and economic inclusion (Poethig et al. 2018). Local leaders must design and implement intentional strategies to achieve an economic recovery that centers the contributions of historically excluded residents and ensures everyone benefits from and contributes to a vibrant economy. Poethig and colleagues’ 2018 study of 274 cities across the country assessed whether cities recovered from economic distress while also advancing racial and economic inclusion goals; their definition of an inclusive recovery, which we use here, considers a recovery inclusive “when a place overcomes economic distress in a way that provides the opportunity for all residents—especially historically excluded populations—to benefit from and contribute to economic prosperity.” In examining the cities, they identified eight key principles or building blocks shared among those that inclusively recovered. In those cities, leaders

1. adopted a shared vision,
2. inspired and sustained bold public leadership,
3. recruited partners from across sectors,
4. built voice and power,
5. leveraged assets and intrinsic advantages,
6. thought and acted regionally,
7. reframed racial and economic inclusion as integral to growth, and
8. adopted policies and programs to support inclusion.

This brief focuses on the eighth building block identified in that research: adopting policies and programs to support inclusion. In this brief we expand on the work of our colleagues and discuss both inclusion *and* equity (discussed further in box 2).

BOX 2

Inclusion, Equity, and Economic Growth: A Closer Look

As we use the terms *inclusion* and *equity* in this brief, we build upon and acknowledge differences in existing definitions in the literature.

As described in Stacy and Fiol's 2021 literature review *Inclusive Recovery to Increase Equity*, **inclusion** is broadly defined as “removing barriers to participation in local economies and ensuring that benefits are broadly shared by all residents of a local area,” but definitions of inclusion diverge in their focus (narrowing economic versus group-based disparities), end goal (labor market participation and growth versus economic security and stability), and emphasis (on process and voice versus on outcomes). In this brief, we define inclusion with intent to address both process and outcome, such as is illustrated by Poethig and colleagues' (2018) definition (detailed previously) that addresses opportunity, process, contribution, and outcome.

In this brief, **equity** refers to “fair treatment, equal opportunities, and accessibility to resources and information” (Stacy and Fiol 2021). Though the authors understand equity to encompass fair treatment and equal access across a range of identities—including race, ethnicity, gender identity, sexual orientation, immigrant status, and disability status—we focus on racial equity throughout this brief given the significant role of structural racism as a driver of poverty and economic instability in the United States.

Policies and Practices to Advance Inclusive and Equitable Recovery

Advancing equitable approaches in **housing, financial health, small business, and workforce development** are important for ensuring all individuals and families are on a stable economic footing and are well-positioned to benefit from and contribute to a growing economy.² Current disparities in these areas are the result of structural racism and historic discriminatory practices that kept people of color—notably Black people—from obtaining and building wealth and property in the US. Policies and practices—including racial segregation, redlining, mortgage and loan denials, violence toward and destruction of minority-owned businesses, unequal implementation of the GI Bill, restrictive housing covenants, employment discrimination, and targeted demolition of communities of color via highway construction—blocked people of color from the wealth-building mechanisms of homeownership, entrepreneurship, and employment.³

These disparities compound over generations and continue to exist today. Racial and ethnic wealth disparities, for instance, prevent many people of color from owning and sustaining small businesses, a missed opportunity for job creation and economic growth.⁴ Workers earning low wages with no benefits have less income to purchase goods and services or to invest in further education for career advancement. These four policy domains are important for economic stability and are interconnected: instability in one area can harm individuals and families in another area. When residents experience job loss, for example, they are less likely to be able to afford rent (Strochak et al.

2020), jeopardizing both their own housing stability and financial health as well as the stability of their neighborhoods, their cities, and the income of small landlords and building owners.⁵

We also focus on these four domains as a way to build upon new and ongoing research in these areas by scholars at the Urban Institute on the economic impacts of the COVID-19 pandemic, including a series of policy and practice recommendations for local leaders.⁶ Although we recognize that the focus on these four offers an incomplete picture of the suite of policies and practices needed for an inclusive and equitable recovery (because health, education, justice, and climate are also connected to economic growth outcomes), this brief builds on these four domains specifically as a way to synthesize Urban’s recent insights in these areas and the ways they are interconnected for local leaders.

We organize examples from these domains into three categories that reflect different approaches local leaders can take to intentionally advance inclusive and equitable recovery:

1. Address policies and programs with harmful impacts
2. Target supports and opportunities to historically excluded communities
3. Explore policies that can eliminate structural barriers

Under each category, we surface illustrative examples from cities that are implementing policies or programs that could be adopted elsewhere. We also indicate which local leaders are most likely to have the leverage necessary to implement said policy or practice.

Address Policies and Programs with Harmful Impacts

Policies and programs that have been created without an explicit lens toward equity run the risk of having harmful impacts and negatively affecting people of color and low-income and low-wealth communities by limiting opportunities to create and grow wealth and access resources. This concept is similar to what is sometimes referred to as “regressive policy” in the context of tax policy, where a tax is applied uniformly regardless of income, so those with the fewest resources pay a higher share of those resources. Although these policies and practices may not intentionally target historically excluded communities, their regressive design ensures that inequities will continue to widen. Local leaders can advance equitable recovery by analyzing and correcting existing policies that have disproportionate harmful impacts. Table 1 summarizes several examples of how to address policies or programs with harmful impacts; we then provide a deeper discussion of each.

TABLE 1

Examples of Addressing Policies and Programs with Harmful Impacts

Policy or program	Local examples	Domain	Agent of change
Alleviate fines and fees to reduce disproportionate burdens on low-income residents	San Francisco Financial Justice Project fines and fees adjustments; Chicago's Fresh Start Program	Financial Health	Many local public debt holders, including treasurers' officers, transportation agencies, public utilities commissions, courts, sheriff's departments, other criminal justice agencies, departments of social services and child support services, libraries, and community colleges
Combine counseling, legal services, and rental assistance to protect vulnerable residents against eviction	Philadelphia Eviction Prevention Program and Eviction Diversion Program	Housing	Local departments of planning and development, local courts, partnerships with community-based organizations and nonprofits including nonprofit housing counselors, and advocacy groups
Ensure all residents have housing choices by addressing exclusionary land-use policies	Louisville metro zoning ; Minneapolis Comprehensive Plan	Housing	City planners, local legislative bodies responsible for zoning, zoning boards, residents, and advocacy groups
Reform local taxation policies to share burdens equitably	Chicago Assessor's Office Transparency Initiative	Financial health, housing	City legislators and executives, assessors, and advocates

Source: Authors' analysis.

ALLEVIATE FINES AND FEES TO REDUCE DISPROPORTIONATE BURDENS ON LOW-INCOME RESIDENTS

Depending on their structure and application, public fines and fees can act as a regressive tax that disproportionately burdens people with low incomes and people of color. Flat fines and fees are particularly regressive because the penalty constitutes a greater share of assets for those with low income and wealth. Because of both discriminatory practices in issuing fines and fees and systemically driven income and wealth disparities, these practices can pose a disproportionate burden on people of color.⁷ Local leaders can examine the impact of these measures by looking at the racial compositions of residents who are most impacted by specific fines and fees.

The City and County of San Francisco offers a public sector–led model that tackles publicly held debt across city agencies by either eliminating or discounting fines and fees based on people's ability to pay. Since 2017, [San Francisco's Financial Justice Project](#), which is housed in the City and County's Office of the Treasurer and Tax Collector, has worked with community groups, government departments, and the courts to eliminate or adjust fines and fees. In response to financial burdens created by the COVID-19 pandemic, the city enacted several policy changes to temporarily alleviate the burdens of fines and fees, including the following:

- Halting collections in a range of domains, temporarily suspending the collection of certain debt owed to public hospitals and transit agencies, offering property tax waivers, and deferring some taxes and license fees for small businesses

- Waiving parking, towing, and other fines and fees
- Suspending late fees and shut offs for public utilities
- Suspending collections in the Superior Court for those on payment plans
- Removing the Sheriff Department's commission on items sold in jails and accelerating the implementation of free jail phones⁸

This built on the foundation of the Financial Justice Project's work to eliminate or implement discounts for fines and fees related to traffic tickets, parking tickets, towing, the criminal legal system, the water and sewer systems, and libraries for residents who qualify on the basis of income or other measures.⁹ The Financial Justice Project partners with PolicyLink and the Fines and Fees Justice Center to offer resources and guidance to jurisdictions seeking fines and fees reform.¹⁰

The city of Chicago offers another example of debt reduction as a measure to improve individual financial health and access to economic opportunity. Mayor Lori Lightfoot's and [City Colleges of Chicago's Fresh Start program](#) allows students who (1) were previously enrolled in City Colleges (within the past 10 years), (2) left with a GPA of at least 1.0, and (3) have not received any degree since to reenroll, complete classes, and have their debt forgiven.¹¹ This program has served 21,000 students, of whom 51 percent are Black* and 34 percent are Latino.¹² Programs such as this one are especially helpful for workers who previously dropped out of college and are seeking advancement or reskilling opportunities (Eyster and Gebrekristos 2018).

Local leaders seeking to increase equity and economic and racial inclusion and reduce the harmful impacts of fines and fees or city-held debt can look to Chicago's work on decreasing debt of community college students and to San Francisco's model of holistic programmatic changes across city agencies and progressive fines and fees discounts.¹³

COMBINE COUNSELING, LEGAL SERVICES, AND RENTAL ASSISTANCE TO PROTECT VULNERABLE RESIDENTS AGAINST EVICTION

Housing instability and eviction pose a dire threat to the safety and stability of millions of households and to achieving an inclusive and equitable recovery in cities. Eviction disproportionately harms women of color, because landlords file for eviction against Black and Latino women at higher rates than against white people and men of all races (Hepburn, Louis, and Desmond 2020). Eviction is associated with poorer health outcomes and increased risk of depression, suicide, job loss, negative credit impacts, and material hardship (Gromis 2019). Long before the pandemic, local governments employed several strategies to address evictions, understanding that they are a symptom of a broader affordable housing crisis (Treskon et al. 2021).

* In this report, the authors use *Black* to describe people of African descent, *Latino* to describe people with Latin American ancestry, and *Native American* to describe all Native people of the continental US and Alaska. We use *Latino* rather than *Latinx* or *Latino/a* to reflect phonetics in Spanish language and for consistency. We use these terms because they represent current best practices from the literature for inclusivity, but we acknowledge that these terms have limitations and try to address them where possible.

Local leaders looking to create or expand their eviction diversion efforts can look to Philadelphia. In 2020, during the COVID-19 pandemic, the city council created a new Eviction Diversion Program through its Emergency Housing Protections Act (Treskon et al. 2021). The program built on existing eviction and diversion infrastructure, such as the [Philadelphia Eviction Prevention Project](#), a collaborative of nonprofit housing and legal service providers that helps tenants facing eviction assistance with both finding (and in some cases providing) legal representation, getting financial counseling, accessing a court help center, and receiving education on the legal process. City government officials worked closely with Philadelphia Eviction Prevention Project leaders and brought the city's courts into the effort, with the goal of providing mediation tools for renters and landlords to avoid taking eviction cases to court. As of October 2021, a court order by Philadelphia Municipal Court required landlords to apply for rental assistance and participate in eviction diversion before filing eviction for nonpayment of rent. Landlords who apply for rental assistance are automatically added to the eviction diversion process to help ensure the applications are completed and paid out in a timely manner and all other related issues are resolved.

Philadelphia offers an example of collaboration across public and nonprofit entities for eviction diversion, including addressing renter needs, recruiting and collaborating with landlords, pairing diversion with rental assistance application, and centering equity in design and outreach (Treskon et al. 2021).

ENSURE ALL RESIDENTS HAVE HOUSING CHOICES BY ADDRESSING EXCLUSIONARY LAND-USE POLICIES

Zoning laws in the United States have been used to restrict the neighborhoods where Black people and other people of color, immigrants, and lower-income families can find housing.¹⁴ By limiting the types and density of development in certain neighborhoods, zoning keeps housing prices artificially high, limiting where low-income households can live and thus their access to high-quality schools and opportunity-enhancing amenities.¹⁵ Between the lasting effects of segregation and continued exclusionary zoning, these laws have also resulted in low-income households (often people of color) living in places that are more likely to have long-term harmful effects on residents' health.¹⁶

Some cities, such as Louisville and Minneapolis, have committed to leveraging zoning changes to increase equity in their communities:

- [Minneapolis's comprehensive plan](#) has led to updates to its zoning code, including the elimination of exclusive single-family zoning in 2020.¹⁷ In doing so, the city legalizes the development of multifamily and apartment buildings in all neighborhoods with the goal of increasing density, thereby eliminating one of the key barriers that has kept communities segregated and opening a pathway to affordability, in turn making its neighborhoods more equitable and inclusive. Minneapolis's plan paved the way for subsequent changes to the city's zoning code. Other jurisdictions have updated policies and zoning codes to allow multifamily units, including Charlotte, NC; Portland, OR; Sacramento, CA; and the states of California and Oregon.¹⁸

- **Louisville's rezoning processes** are still under way, but local leaders are intentionally seeking to target rules that exacerbate structural inequality. Their efforts include an equity review of its zoning regulations (featuring community feedback) and an assessment of housing trends by race and income to reconcile the racist history of zoning policies and analyze how they have shaped present inequities. Louisville is also engaging and collaborating with community members through public workshops to explore resident concerns and solutions.¹⁹ Although the process is still under way, public-sector staff have committed to centering racial equity in their analysis and revisions of the zoning process.²⁰

Though both efforts highlighted are in early stages, identifying and reversing zoning laws that have resulted in exclusionary barriers for people of color puts localities on a path to address housing affordability pressures and to ensure stable housing in opportunity-rich neighborhoods is available to all.

REFORM PROPERTY TAXATION POLICIES TO SHARE BURDENS EQUITABLY

Property taxes are an important source of revenue for localities. In 2017, nearly half (\$509 billion, or 47 percent) of local government own-source general revenue came from property taxes.²¹

Researchers have found that in cities across the country, owners of high-priced properties on average pay a lower effective property tax rate than owners of low-priced properties (Berry 2021). One report found that within the same tax jurisdiction, Black and Latino residents on average bear a 10 percent to 13 percent higher property tax burden than white residents (Avenancio-León and Howard 2020). Rising costs from pensions and health care and the need for relief following the pandemic suggest that most local governments will need to determine how to stabilize revenues while carefully designing relief programs. Reforming property tax systems effectively can help ensure that low-income residents are not unduly burdened by taxes and can put their incomes toward necessities such as rent and food or high-value investments such as building human capital and access to opportunity.

One way to introduce equity principles into the property tax systems is by offering subsidies or progressive credits or rebates. Property tax relief for people with less wealth could be targeted by designating specific geographies as eligible for property tax abatements or reductions (Brown et al. 2019). Further, cities could determine eligibility for such communities based on historical patterns of disinvestment consistent with previously redlined districts, given that redlining was one of the most destructive policies for the wealth accumulation and preservation for Black families in the US.²² Designating specific geographies for abatement or reduction would, in most cases, still require those residents to apply for said relief. An alternative that would not rely on residents applying for relief would be a flat-dollar homestead exemption (or credit). A homestead exemption is a fixed dollar amount or percentage of the property value that is excluded when calculating property taxes. It can introduce progressivity into the system because it creates a higher rate of tax savings on lower-priced homes. For example, a \$20,000 homestead exemption would provide a 20 percent tax savings on a \$100,000 home, a 10 percent savings on a \$200,000 home, and 5 percent savings on a \$400,000 home. Boston, MA, has one of the most generous homestead exemptions in the country: set at 35 percent, the exemption saved qualified Boston homeowners up to \$3,153 in 2020.²³

In addition to tax rebates and credits, local assessors have power to reduce inequities that stem from the assessment process by improving the models used to conduct assessments, increasing the frequency of assessments, eliminating assessment limits, and reforming appeals processes. Models might be improved by basing assessments on recent sales in smaller, more geographically precise areas (Wiltz 2020). Increasing the frequency of assessments can help guard against disparities in effective property taxes that arise when some areas appreciate faster than others. Eliminating assessment limits can also help remove inequities because they can introduce highly unequal tax burdens across similarly situated properties.²⁴ Finally, reforming appeals processes can help reduce inequities in assessment because it is often higher-income homeowners and businesses who have the time and resources to appeal assessments. In Cook County, researchers found that racial differences in appeals outcomes over time had the potential to generate different assessment growth rates (Avenancio-León and Howard 2020). Thus, simplifying the appeals process could reduce racial inequities in tax burden. Many jurisdictions routinely conduct assessment and appeals studies to look for discrepancies. For example, following a 2017 lawsuit in Chicago, the county assessor increased transparency and equity to improve the appeals process and launched more expansive online services (Wiltz 2020).²⁵ The International Association of Assessing Officers' standards on assessment appeal note that for locally assessed property, best practice is that appeals systems should consist of (1) informal appeal (2) one or more levels of formal appeal, and (3) courts of law.²⁶ Local leaders should examine the equity of property tax burdens and adjust the way taxes are assessed and collected to limit regressive tax models.

Target Supports and Opportunities to Historically Excluded Communities

Local leaders seeking to stabilize and recover inclusively must consider ways to explicitly support historically excluded populations so that they can benefit from and contribute to economic prosperity. Although these policies and practices alone may not eliminate long-standing structural barriers and patterns, they can ensure new resources are not allocated in ways that worsen exclusion and inequity. Next we outline four examples of ways local stakeholders can consider targeting historically excluded communities, either by geography or by population, to ensure their stabilization and recovery is centered as they emerge from the COVID-19 pandemic. A deeper discussion of each example follows table 2.

TABLE 2

Examples of Policies that Target Supports and Opportunities to Historically Excluded Communities

Policy or program	Local examples	Domain	Agent of change
Build community and wealth through small-business supports in underinvested neighborhoods	Chicago's Neighborhood Opportunity Fund	Small business	Departments of planning and development, local legislatures, local executive offices (zoning code), private sector, and philanthropy
Address credit invisibility or subprime credit scores to form a foundation for financial recovery and growth	Boston Builds Credit	Financial health	Local executive offices and agencies responsible for financial health of residents, nonprofit financial coaches, and nonprofit service providers
Preserve affordable rentals to support and stabilize communities of color	DC Tenant Opportunity to Purchase Act	Housing	Local legislative bodies, departments of housing and community development, nonprofit developers, and community organizers
Leverage community college expertise in training and connecting historically excluded residents to family-sustaining employment	Broward College's Unlimited Potential (Broward UP) model	Workforce	Community colleges, employers, local government, and nonprofit agencies

Source: Authors' analysis.

BUILD COMMUNITY AND WEALTH THROUGH SMALL BUSINESS SUPPORTS IN UNDERINVESTED NEIGHBORHOODS

Local leaders seeking to support small-business stabilization and recovery must consider both individual entrepreneurs as well as the geographic distribution of small businesses in their city. In many communities, commercial corridors are the home for entrepreneurship, employment, and wealth creation as well as goods and services. However, these corridors and the small-business owners who operate in them do not all have the same resources and opportunities to thrive. Business ownership rates are disproportionately low among Black and Latino populations; businesses owned by people of color are more likely to have no employees and less likely to generate significant revenues; and in communities historically cut off from capital, small business owners face challenges in accessing resources to start and expand their businesses (Theodos and González-Hermoso 2019). As a result, communities of color face considerable challenges in developing thriving commercial corridors, and these challenges have compounding impacts on wealth generation and employment (Theodos and González-Hermoso 2019).

Although several cities have offered microgrant resources to small businesses grappling with the pandemic, an existing program in Chicago offers a unique example of how local leaders can take a geographically targeted approach to supporting small businesses by leveraging growth in affluent areas to help areas struggling to attract capital and to target limited resources to businesses most likely to survive. Launched in 2016, the “Neighborhood Opportunity Fund” offers small-business owners, property owners, landlords, and nonprofits in underresourced commercial corridors (identified by the city based on indicators of poverty and unemployment) competitive grant funding to help grow, build, and repair properties and businesses that enhance retail or cultural offerings in the community.

Additional “Build Community Wealth” bonuses are available to applicants who either live in the community surrounding the corridor or hire a minimum number of people from the community. The bonus allows up to 25 percent of the total eligible costs to be recovered by the applicant once that amount is paid to the employees. The fund draws on resources sourced through a fee charged to developers seeking additional density in Chicago’s central business district. (For a detailed breakdown of the program’s specifics, see Theodos and González-Hermoso 2019.) Grantees are still required to cover a fraction of their project’s costs, thus keeping them invested in the success of these investments. For business owners that need to use debt, the program connects them to community development financial institutions and encourages these institutions to provide simpler loan terms to recipients. Further, the city and its partners facilitate the grantees’ progression through city regulatory processes and offer technical assistance and peer support.

Although the fund has evolved through changes to the amount of matching resources required and other factors since its launch in 2016, the approach continues to offer lessons about ways to increase equity among neighborhoods and small businesses that other cities can apply to their recoveries from the pandemic. First, local leaders seeking more equitable recoveries could learn from the innovative design of the fund that ties development and appetite for additional density in the city’s central business district to support for underinvested commercial corridors. Second, designing supports for businesses that require matching resources for a significant part of the project cost both keeps recipients invested in the success of the projects and targets public resources toward entrepreneurs who may be better prepared for survival and success. Third, small-business owners and entrepreneurs in neighborhoods in need do not have access to networks that exist more readily in affluent circles and neighborhoods. These entrepreneurs likely require wraparound services to succeed, such as construction managers, lending coaches, and business coaches (Theodos and González-Hermoso 2019). Award size is another important consideration for program implementation and success: Chicago’s fund is unique in that the city provides comparatively large awards, with up to \$250,000 for small businesses (Theodos and González-Hermoso 2019). Local leaders can adapt these elements of Chicago’s program to their local context and postpandemic economies as a way to leverage limited resources and target supports to historically excluded communities and entrepreneurs.

ADDRESS CREDIT INVISIBILITY AND SUBPRIME CREDIT TO FORM A FOUNDATION FOR FINANCIAL RECOVERY AND GROWTH

More than 26 million Americans (about 1 in 10) are “credit invisible,” meaning they do not have any credit history with one of the three nationwide credit reporting companies, and Black consumers, Latino consumers, and consumers in low-income neighborhoods are more likely to have no credit history or not enough current credit history to produce a credit score.²⁷ Those with poor or no credit have more limited options for financial products and are charged more when they borrow money, which harms their ability to build savings; weather emergencies; and pursue education, homeownership, and entrepreneurship (Elliot and Lowitz 2018). In this way, credit invisibility is a domain in which long-standing structural barriers continue to compound and harm communities of color. Local leaders, particularly in the nonprofit and public sectors, can help “credit invisibles”

establish credit histories and build credit to ensure all of their residents can contribute to and benefit from an inclusive recovery.

One example of local collaboration to advance credit building comes from the Boston Builds Credit (BBC), an effort launched in 2017 by the [United Way of Massachusetts Bay and Merrimack Valley](#), the [City of Boston](#), and [LISC Boston](#).²⁸ Motivated by income inequality and the racial wealth gap, and particularly how that plays out across race and geography in Boston, BBC seeks to both address structural inequities and advance credit building and the associated access, savings, and stability that good credit provides. BBC leverages credit-building tools, such as free credit-building workshops, free financial coaching, and safe credit-building products. The program also supports partnership and advocacy for consumer-focused systems change. For example, BBC advocated for changes to the state's debt laws (e.g., protecting wages from garnishment and lowering the interest rates on judgments) in advance of anticipated pandemic-induced defaulted debts; the program also advocated for banning credit checks in employment and housing screenings. A public information campaign is currently being launched to ensure that residents who most need credit building learn of free city-sponsored opportunities.

Local leaders seeking to bolster residents' financial health, particularly those historically excluded or not well served by the mainstream financial system, should look at the BBC program as an example of an undertaking to meet the immediate needs for building individual household credit while pursuing systems-change goals to end the cycle of credit invisibility. Local leaders can consult BBC's resources and the best practices they offer to municipalities and other groups seeking to launch similar programs (Boston Builds Credit 2021).

PRESERVE AFFORDABLE RENTALS TO SUPPORT AND STABILIZE COMMUNITIES OF COLOR

The economic effects of the pandemic disproportionately hit renters, especially those who live in small, unsubsidized multifamily buildings, which constitute 50 percent of all rental housing stock and are an important source of moderately priced affordable housing (Goodman, Reynolds, and Choi 2021). People of color are more likely to be renters (and in some cases owners) of small rental stock, so these small, unsubsidized multifamily buildings are an important area of focus for local leaders invested in fostering inclusive recovery (Goodman, Reynolds, and Choi 2021). Without support for these buildings and their owners, low- and moderate-cost rental units that are an important source of affordable housing could be lost, which would be a devastating blow to local rental markets, especially given the nation's decades-long shortage of affordable housing. (Loss of units occurs differently depending on the local economy: in strong markets, these units become unaffordable as properties are renovated to meet higher-income demand. In weak markets, they deteriorate to the point of leaving low-income households with either substandard housing or fewer places to live [Brennan and Greene 2018]). Losing these units reduces the number of affordable homes available to low- and moderate-income households, often displaces current tenants, and can sometimes signify a loss of a revenue stream for small-building owners, jeopardizing a city's ability to inclusively recover across multiple dimensions.

A promising strategy to protect tenants living in buildings at risk of being sold and renovated to meet higher-income demand is enacting right-of-first-refusal policies. These provide tenants the first opportunity to buy their building to protect them from displacement from the sale of the building. One promising example is the District of Columbia's Tenant Opportunity to Purchase Act (TOPA); for small buildings, TOPA can apply if more than 50 percent of the tenants are interested in purchasing a unit and 50 percent or more of the members of the tenants' association qualify as low- to moderate-income households. Through TOPA, the DC Department of Housing and Community Development funds nonprofit organizations who provide technical assistance to tenant groups who live in buildings facing the threat of sale. The nonprofit technical assistance providers help the tenants form an association, prepare legal documents, and apply for loans if they choose to convert their building to a condominium or cooperative. If the renters do not have the funds to purchase the building, they can assign their right-of-first-refusal to a nonprofit or for-profit developer in exchange for joint ownership and certain provisions, such as affordable rent for a period (Goodman, Reynolds, and Choi 2021). Though programs such as TOPA can create affordability and stability for communities, how such programs are implemented can affect how well they achieve positive outcomes. For example, the TOPA provisions aim to protect the tenants as the developer redevelops the property, but tenants are not required and are not always able to obtain such terms when assigning their TOPA rights. Cities seeking to stabilize both low- and moderate-income renters, as well as neighborhoods at risk of gentrification, should consider right-of-first-refusal policies to both stabilize tenants and prevent displacement when the sale of a rental building is inevitable.

LEVERAGE COMMUNITY COLLEGE EXPERTISE IN TRAINING FOR AND CONNECTING HISTORICALLY EXCLUDED RESIDENTS TO FAMILY-SUSTAINING EMPLOYMENT

The devastating economic impacts of the COVID-19 pandemic, including layoffs and business closures, have led to significant income loss and economic insecurity for Black, Latino, and Native American workers. Many of these workers have faced or still face unemployment, and others are employed in the front lines of the pandemic, earning low wages in sectors such as food and beverage. As local economies reopen, it is becoming more likely that recovery will be "K" shaped, meaning an uneven economic recovery across different industry sectors. Industry sectors that have been hit hardest, such as hospitality, will be slower to recover than sectors such as financial services. In this context, many workers will seek out employment opportunities in higher-growth sectors, increasing demand for additional credentials or different skill sets (Loprest, Spaulding, and Hecker 2020).

During the recovery from the Great Recession, community colleges provided important training supports to unemployed and dislocated workers while improving their capacity to ensure students attain necessary credentials and access family-sustaining employment (Loprest and Hyman 2018; Loprest, Spaulding, and Hecker 2020). In the current economic climate, there is tremendous opportunity to leverage these institutions' expertise in supporting economic mobility and stability for historically excluded students facing structural challenges, such as economic insecurity and lack of access to technology (Loprest et. al 2020).

Local workforce and community college leaders, for example, can look at Florida's Broward UP program, which employs a two-generation approach²⁹ to target residents in six zip codes with high unemployment rates, low educational attainment, and low household incomes. The college has relied on partnerships with community-based organizations, local government, and regional employers to improve access by offering classes within identified communities and by providing free training and wraparound services, such as case management and broadband access, in six satellite sites.³⁰ Broward UP is also advancing an adult learning continuing education strategy to accelerate technical certificate and associate degree programs; through internal articulation agreements between programs at the college, continuing education courses are applied toward degree programs, leading to even greater economic mobility opportunities. As local economies continue to adapt to technological advances, community colleges will also be key players in advancing digital equity, ensuring all students and workers have access to broadband, digital devices, and needed digital skills. For example, Diablo Community College in California used CARES Act funds to offer a \$1,000 COVID Emergency Grant for students who needed support with costs for transitioning to virtual learning. The college also has a Tech Loan Program for students needing access to equipment or the internet.³¹

Community colleges are well positioned to lead in an equitable recovery by targeting resources toward high-need individuals, partnering with local employers to create pathways into high-paying careers, and equipping students with services and resources to succeed in education.

Explore Policies That Can Eliminate Structural Barriers

Many of the policies and programs described in this brief aim to support individuals in their economic recovery from the COVID-19 pandemic by revising or better targeting existing supports and opportunities, but if local leaders hope for an economic recovery that makes progress in eliminating the racial wealth gap and structural barriers to economic stability for all residents, they will need to explore ambitious new policies that address the root causes of these challenges. Although many of the policies in this section would be strengthened by parallel efforts by state and federal governments, local leaders across sectors also have a role to play in structural change. Table 3 presents four policies that could eliminate structural barriers, which are discussed in more detail below.

TABLE 3
Examples of Policies That Can Eliminate Structural Barriers

Policy or program	Local examples	Domain	Agent of change
Narrow the racial wealth gap by seeding baby bonds	Washington, DC, baby bonds	Financial health	Local legislative bodies and executive offices, philanthropy, and private investors
Address racial equity through restitution or reparations	Evanston, IL, reparations, among others	Financial health, housing	Local legislative bodies and executive offices, philanthropy, and private investors
Ensure residents can use rental assistance by establishing source-of-income protection	100+ US jurisdictions	Housing, financial health	Local legislative bodies and executive offices

Ensure job quality is a priority in workforce and economic development efforts	San Diego Workforce Development Partnership Job Quality Framework	Workforce, financial health	Local and regional workforce investment boards and economic development agencies, business leaders, grassroots organizers, and and advocacy groups
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Source: Authors' analysis.

NARROW THE RACIAL WEALTH GAP BY SEEDING BABY BONDS

As of 2019, white families held eight times the wealth of Black families and five times the wealth of Latino families; in dollar terms, white families at the median held a little over \$189,000 in wealth compared with \$36,000 for Latino families and just over \$24,000 for Black families (Brown and McKernan 2021). This wealth gap prevents families of color from benefitting from and contributing to economic growth because it presents a barrier to affording higher education, weathering financial setbacks, and investing in a home or business. Narrowing the racial wealth gap—not just the income gap—requires addressing asset disparities. Although income supports and jobs programs can help stabilize household's current economic conditions, baby bonds have potential to be a catalytic investment that local leaders can make now to help ensure that the long-term economic recovery from the COVID-19 pandemic helps narrow the racial wealth gap.

Baby bonds are a form of seed funding, somewhat like children's savings accounts. They provide seed capital to children that grows in value over time until a set age when the recipient can access it (typically age 18). However, unlike children's savings accounts, baby bond contributions are made by the government, allow more flexible use, and would include automatic enrollment. Recipients could use the endowment from the baby bond toward a range of asset-building goals, including homeownership, business ownership, and education without debt (Butrica 2015; Brown, Montes, and Hassani 2019; Markoff, Loya, and Santos 2018). At the federal level, scholars have estimated such a program would constitute up to 3 percent of the federal budget and provide children with an average seed investment of \$25,000, with children in low-wealth families receiving more and children in high-wealth families receiving less (Hamilton and Darity 2010).

Though a national program does not yet exist, some cities and states have already begun to introduce baby bond programs. In July 2021, the District of Columbia City Council passed a budget proposal that includes legislation to establish a baby bonds program for low-income children. The DC City Council unanimously approved the legislation in October 2021. The program, which was formalized in the fiscal year 2022 budget, will cost the city \$32 million over four years and will provide up to \$1,000 annually into a trust fund for children born in the District whose families are enrolled in Medicaid and whose income does not exceed 300 percent of the federal poverty level, or about \$79,500 for a family of four.³² The accounts will be held in public trust to be used as a foundation for an economically secure life (Brown and McKernan 2021). Connecticut recently became the first state to make \$3,200 in baby bonds available for all children whose births are covered by Medicaid. Funds are released once individuals are 18 to 30 years old and have completed a financial education

requirement. The savings can be used to pursue education, purchase a home, invest in a business, or save for retirement.³³

Localities facing significant racial wealth gaps should consider measures such as baby bonds to help increase wealth and equity over the course of residents' lifetimes.

ADVANCE RACIAL EQUITY THROUGH RESTITUTION AND/OR REPARATIONS

Restitution and reparations are perhaps the most direct forms of addressing the systematic stripping of wealth from Black Americans, an act that continues to inhibit inclusive and equitable communities today. The concepts of both restitution and reparations broadly acknowledge that a wrong has been done and seek to either pay money back or otherwise return capital that was stolen. In the context of an inclusive recovery, reparations acknowledge that the observable disparities in the economic impact of the pandemic by race are caused by systemic exclusions from opportunity and wealth building (Darity and Mullen 2020). In other public policy contexts, restitution has been leveraged to compensate victims of wars, genocides, and internments, including Holocaust survivors and Japanese Americans interned during WWII (Ray and Perry 2020). Restitution and reparations are also part of the national conversation focused on returning wealth to the descendants of slaves and other Black Americans who, through policies like convict leasing, redlining, Jim Crow laws, and contract buying, were robbed of the ability to grow and maintain wealth for themselves and their families (Ray and Perry 2020).

Local leaders seeking to explore policies that advance inclusive and economic recovery by addressing the impacts of structural racism can look to their peers, because cities are on the forefront of exploring and advancing reparations and restitutions policies. In March 2021, the City Council of Evanston, IL, voted to approve the [Local Reparations Restorative Housing Program](#), which will grant up to \$25,000 to eligible Black households for home repair or other property costs as the first initiative of a city reparations fund established in 2019.³⁴ In June 2021, the city council in Asheville, NC, voted to devote \$2.1 million from the sale of city-owned property to a community reparations fund. Mayors of 11 cities have vowed to establish reparations programs that could serve as pilots for federal action.³⁵ Many of these cities, which include Denver, CO; Austin, TX; Los Angeles, CA; St. Louis, MO; Providence, RI; Asheville, NC; Kansas City, MO; St. Paul, MN; Sacramento, CA; Carrboro, NC; Stockton, CA; and Tallahassee FL, have not yet articulated how reparations would be paid for.³⁶ Evanston's \$10 million project is funded by donations and revenue from the city's sales tax on recreational marijuana, but the funds must be used to pay for home repairs or property costs.³⁷ Local governments have the opportunity to be leaders in the space of long-overdue restitution and reparations for Black Americans and to leverage various funding streams to pilot different models. Although more sweeping change could occur at the federal level, implementation of reparations and restitution at the local level creates a growing body of evidence to inform understanding about the potential impact such measures can have on racial wealth gaps.

ENSURE RESIDENTS CAN USE RENTAL ASSISTANCE BY ESTABLISHING SOURCE-OF-INCOME PROTECTIONS

As discussed throughout this guide, housing stability and affordability are essential to an inclusive and equitable recovery in cities but are in jeopardy because of the pending eviction crisis. In July 2021, when the Centers for Disease Control and Prevention's eviction moratorium was set to expire, over 15 million Americans lived in households that were behind on rent (Gilman et al. 2021). Cities seeking to maximize all available supports for renter households can enact policies that remove barriers for households with rental assistance. The largest source of federal housing assistance is the Housing Choice Voucher Program, which serves more than 2 million households who use vouchers to rent units in the private market. Despite robust evidence of its effectiveness, the program is underfunded at the federal level, and renters face an additional hurdle at the local level, in that "landlords in most communities can legally refuse to accept vouchers, and the available evidence suggests that many do" (Cunningham 2021; Cunningham et al. 2018). Rejection rates were higher in lower-poverty neighborhoods, suggesting that voucher holders who want to find housing in an "opportunity" area—perhaps close to high-quality schools, jobs, and transportation—will face even more rejection (Cunningham et al. 2018).

Local leaders can implement source-of-income protection laws that require landlords to accept vouchers to ensure that tenants who receive rental assistance can find rental units in which to use it. More than 100 jurisdictions have implemented these protections in the US, including recently Los Angeles, which enacted this protection following the release of work by Urban Institute researchers (Poverty & Race Research Action Council 2021, appendix B).³⁸ Urban Institute researchers' study on discrimination among voucher holders in five cities found that denial rates were substantially lower in Newark (31 percent) and Washington, DC (15 percent)—places with source-of-income protection—than in places without it, such as Fort Worth, TX (78 percent) and Los Angeles, CA (76 percent; Cunningham et al. 2018). Recent evidence suggest that vouchers have continued to be an effective housing assistance strategy throughout the pandemic for landlords who participate; a February 2021 survey of landlords found that landlords who were already accepting vouchers had a positive experience, but the pandemic didn't change the number who accepted vouchers (about 50 percent of those surveyed).³⁹ Source-of-income protections, accompanied with robust enforcement, are a step localities can take to amplify the impact of a proven federal program and help realize housing stability for residents.

ENSURE JOB QUALITY IS A PRIORITY IN WORKFORCE AND ECONOMIC DEVELOPMENT PRACTICE AND POLICIES

The pandemic has underscored the country's long-standing inequities in access to high-quality jobs (Congdon et al. 2020). Women and people of color, who often perform important roles in education, health care, food services, and domestic work, disproportionately hold jobs with lower pay, no benefits, and unstable working conditions (Shakesprere, Katz, and Loprest 2021). As the COVID-19 crisis has unfolded, workers in these types of jobs have been more likely to be exposed to the virus and experience economic instability (Shakesprere, Katz, and Loprest 2021).

Policymakers, business leaders, and other groups have increasingly and newly recognized the importance of job quality for an inclusive recovery (Conway et. al 2021). The influx of federal recovery dollars, including flexible American Rescue Plan Act funds and potential funds through the Infrastructure Investment and Jobs Act, offer local leaders an opportunity to increase the number of high-quality jobs and improve existing lower-quality jobs (H.R. 3684, 117th Cong., 2021–22). The Economic Development Agency, for example, has launched the Good Jobs Challenge and allocated \$500 billion to support local sector-focused partnerships to provide training and access to high-quality employment. Local government leaders can deploy these funds to shift current practices and policies to ensure job quality is an ongoing priority.

Local workforce development leaders can look to [San Diego's Workforce Development Partnership](#) as an example of a regional workforce development board that has reoriented resource allocation, services for clients, and employer partners to meet specific job-quality goals. The San Diego Workforce Development Partnership's efforts to address job quality are a departure from traditional workforce investment board activities; predate the pandemic; and include goals to increase employee ownership, train job seekers on job quality fundamentals, and integrate job-quality requirements into workforce subrecipient contracts.⁴⁰

Local leaders can also look to the Illinois Manufacturing Excellence Center for an example of a public-private sector collaboration that modified its traditional technical assistance approach for companies by integrating job-quality (people-centered) improvements alongside productivity improvements. An evaluation of the center's early efforts with 22 companies showed positive impacts in profit, cost savings, and employee satisfaction (Jain et al. 2019). Though the center is a statewide initiative, its success so far demonstrates that it is possible to prioritize economic productivity and job quality.

Local governments can also help set higher standards for job quality through their own practices and policies. Local economic development leaders in Austin, TX, for instance, leveraged special districts for tax credits and tax increment financing to attract high-growth, high-wage industries to the region and integrate job-quality elements into business incentives. More specifically, local leaders in Austin have used business incentives to ensure jobs created meet living-wage standards, focus on harder-to-employ populations, and are near transit hubs (Charleston 2020).

The COVID-19 crisis has illustrated the negative impact of low-quality jobs in our economy. Lower-quality jobs contribute to and exacerbate racial and economic inequities and are not necessarily contributing to higher productivity or profits (Liu and Parrilla 2021). Local leaders have an opportunity to build a more inclusive and resilient economy by centering on job quality.

Conclusion

The COVID-19 pandemic has wrought both a public health crisis and an economic crisis, and local leaders continue to face an uncertain path to recovery. However, a body of evidence and examples from cities across the country make the case for pursuing economic and inclusion goals intentionally

and concurrently. Although the scale of changes local leaders can implement has limits, they can advance inclusion and equity by (1) addressing policies and practices with harmful impacts; (2) targeting supports and opportunities to historically excluded communities; and (3) exploring policies that eliminate structural barriers. While this brief focuses on the adoption of policies and programs that support inclusion, the success of these policies also hinges on commitments to equitable implementation, ongoing accountability, and continued measurement and assessment of outcomes to improve programs.

BOX 3

The Urban Institute's Collaboration with JPMorgan Chase

The Urban Institute is collaborating with JPMorgan Chase to inform and catalyze a data-driven and inclusive economic recovery. The goals of the collaboration include generating cross-sector, place-based insights to guide local decisionmakers, using data and evidence to help advise JPMorgan Chase on the firm's philanthropic strategy, and conducting new research to advance the broader fields of policy, philanthropy, and practice. This brief builds upon [new evidence](#) in the domains of housing, financial health, small business, and workforce development and synthesizes actionable strategies across domains as a guide for local leaders seeking to advance inclusive and equitable recovery in cities.

Notes

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